

Title 24
HOUSING AND COMMUNITY DEVELOPMENT

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24.04 GENERAL PROVISIONS

Sections:

- 24.04.010 Policy.
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24.04.010 Policy. It is declared to be the policy of King County to partner with the cities and towns in King County for planning the distribution and administration of federal community development block grant, HOME investment partnership and emergency shelter grant funds, as well as local regional affordable housing program funds generated by Chapter 24, Laws of Washington 2002, and other federal, state or local funds that may become available in the future to serve the needs of very low-, low- and moderate-income households and communities throughout King County. This title authorizes King County consortia partnerships and activities that further the development of viable urban communities, including the provision of decent affordable housing, a suitable living environment and expanding economic opportunities, principally for persons at very low-, low- and moderate-income levels. (Ord. 15571 § 1, 2006: Ord. 3856 § 1, 1978: Ord. 3269 § 101, 1977).

24.04.020 Findings.

A. The best interests and general welfare of King County are served by consortia partnerships between King County and its cities and towns. Such partnerships recognize that the housing and community development needs of very low-, low- and moderate-income households cross jurisdictional boundaries and are, therefore, appropriately addressed as regional and subregional needs as well as local needs.

B. Federal funds made available to the King County consortia through the United States Department of Housing and Urban Development, as well as local funds made available through the regional affordable housing program, and other federal, state or local funds that may become available to the King County consortia to serve the housing and community development needs of very low-, low- and moderate-income households, are best used to support the goals and objectives of the consolidated housing and community development plan that is adopted by the county council. (Ord. 15571 § 2, 2006: Ord. 11684 § 16, 1995: Ord. 10504 § 2, 1992: Ord. 6927 § 1, 1984: Ord. 3269 § 102, 1977).

24.08 DEFINITIONS

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24.08.010 Generally. For the purpose of this title, the following terms have the meanings ascribed to them in this chapter. (Ord. 3269 § 2, 1977).

24.08.020 Community development block grant - CDBG. "Community development block grant" or CDBG means the federally funded program authorized by the Housing and Community Development Act of 1974, P.L. 93-383, as amended. (Ord. 15571 § 4, 2006; Ord. 3269 § 201, 1977).

24.08.022 Community development block grant consortium – CDBG consortium. "Community development block grant consortium" or "CDBG consortium" means the alliance of King County and the cities and towns in King County that do not receive their own community development block grant funds directly from HUD and that choose to participate in the King County CDBG program. (Ord. 15571 § 5, 2006).

24.08.025 Consolidated housing and community development plan. "Consolidated housing and community development plan" or "consolidated plan" means the HUD-required plan for the use of federal housing and community development funds that is adopted by the county council, under Ordinance 15054, Section 2. (Ord. 15571 § 6, 2006).

24.08.055 Emergency shelter grant - ESG. "Emergency shelter grant" or "ESG" means the federally funded program authorized by Title IV of the McKinney-Vento Homeless Assistance Act of 1987, P.L. 100-77, as amended. (Ord. 15571 § 11, 2006).

24.08.066 HOME. "HOME" means the federal HOME Investment Partnerships Act (HOME) enacted as Title II of the Cranston-Gonzalez National Affordable Housing Act of 1990. (Ord. 10504 § 7, 1992).

24.08.0665 Home consortium. "HOME consortium" means the alliance of King County and the cities and towns in King County that do not receive their own HOME funds directly from HUD and choose to participate in the King County HOME program. (Ord. 15571 § 12, 2006).

24.08.086 Housing and community development funds. "Housing and community development funds" means fund sources that are targeted to serve the housing and community development needs of very low-, low- and moderate-income households. (Ord. 15571 § 18, 2006).

24.08.120 HUD. "HUD" means the United States Department of Housing and Urban Development. (Ord. 3269 § 210, 1977).

24.08.153 Joint recommendations committee - JRC. "Joint recommendations committee" or "JRC" means the interjurisdictional committee established in accordance with K.C.C. 24.13.020. (Ord. 15571 § 25, 2006).

24.08.156 King County consortia. "King County consortia" means consortium partnerships between King County and its cities and towns for the purpose of administering and distributing housing and community development funds regionally and subregionally, including, but not limited to the CDBG consortium, the HOME consortium and the regional affordable housing program consortium. (Ord. 15571 § 26, 2006).

24.08.160 Low-income household. "Low-income" means a household whose total income is higher than that of a very low-income household but no higher than fifty percent of the median income level for the county as defined by HUD. Specific low-income levels vary according to household size. (Ord. 15571 § 27, 2006: 3269 § 214, 1977).

24.08.170 Median-income. "Median-income household" means a household whose income is at the median income level for the county as defined by HUD. Specific median-income levels vary according to household size. (Ord. 15571 § 28, 2006: Ord. 3269 § 215, 1977).

24.08.190 Moderate-income household. "Moderate-income household" means a household whose total income is higher than that of a low-income household but no higher than eighty percent of the median income for the county as defined by HUD. Specific moderate-income levels vary according to household size. (Ord. 15571 § 30, 2006: Ord. 3269 § 216, 1977).

24.08.233 Regional affordable housing program – RAHP. "Regional affordable housing program" or "RAHP" means the local fund program for low-income housing created under RCW 36.22.178. (Ord. 15571 § 37, 2006).

24.08.235 Regional affordable housing program consortium – RAHP consortium. "Regional affordable housing program consortium" or "RAHP consortium" means the alliance of King County and the cities and towns in King County that choose to participate in order to administer the RAHP funds as a regional fund. (Ord. 15571 § 38, 2006).

24.08.0255 Very low-income household. "Very low-income household" means a household whose total income is no higher than thirty percent of the median income level for the county as defined by HUD. Specific very low-income levels vary according to household size. (Ord. 15571 § 41, 2006).

24.13 CONSORTIA TO PLAN THE DISTRIBUTION AND ADMINISTRATION OF FUNDS

Sections:

- 24.13.010 Interlocal agreements.
- 24.13.020 Joint recommendations committee.
- 24.13.030 Consolidated housing and community.

24.13.010 Interlocal agreements. The formation of King County consortia to plan the distribution and administration of housing and community development funds, including, but not limited to the CDBG consortium, the HOME consortium and the RAHP consortium, may be established by interlocal agreements that are approved by the county council by ordinance and by the legislative authorities of the participating jurisdictions.

King County consortia interlocal agreements for housing and community development funds shall address general distribution of funds, use of funds, responsibilities and powers, general terms and the establishment of the joint recommendations committee. The types of consortia interlocal agreements may include, but are not limited to:

A. A CDBG agreement for cities that do not qualify to receive their own CDBG funds, but that instead participate in both the CDBG and HOME consortia. All funds are allocated consortium-wide and subregionally to the north/east and south subregions of the county in accordance with the consolidated housing and community development plan.

B. A CDBG joint agreement for cities that choose to participate in the King County CDBG consortium for the purpose of planning and implementing a joint community development and housing program, even though they could qualify to receive their own CDBG funds directly from HUD. These cities also participate in the HOME consortium. Joint agreement cities retain a portion of CDBG funds to allocate to projects that are selected by the city, and contribute a portion of funds to consortium-wide programs and administration of funds. All funds allocated by the joint agreement city and through the consortium-wide process must be consistent with the consolidated housing and community development plan;

C. A HOME agreement for cities that receive their own CDBG funds directly from HUD but do not qualify to receive their own HOME funds. These cities participate only in the HOME consortium. HOME funds are allocated consortium-wide pursuant to the consolidated housing and community development plan; and

D. A RAHP agreement for all cities in the county that choose to participate in the regional affordable housing program. RAHP funds are allocated regionally pursuant to guidelines adopted by the county council. (Ord. 15571 § 44, 2006).

24.13.020 Joint recommendations committee. The King County consortia may establish a joint recommendations committee that is advisory to the executive and that reviews and recommends specific projects and program guidelines to be undertaken with housing and community development funds, consistent with the consolidated plan. The joint recommendations committee shall be composed of county representatives and representatives from cities participating in a consortium established by interlocal agreement.

The executive shall appoint the county representatives on the joint recommendations committee. The consortia city representatives on the joint recommendations committee shall be chosen from amongst the participating cities, in accordance with the applicable interlocal agreements.

The executive shall staff the joint recommendations committee. The committee shall meet regularly in accordance with a schedule that the committee shall establish at the beginning of each calendar year. Joint recommendations committee meetings shall be open to the public. (Ord. 15571 § 45, 2006).

24.13.030 Consolidated housing and community development plan. The overarching policies, goals and objectives for planning the distribution and administration of federal housing and community development funds and related state and local funds shall be developed in the consolidated housing and community development plan. A new consolidated plan shall be adopted by the county council at least every five years or as authorized by HUD.

The executive shall develop the consolidated plan in accordance with HUD regulations, and in consultation with the cities in the King County consortia, other

governmental offices, community-based agencies, service providers, housing developers and the public.

The executive shall take advice from the joint recommendations committee on the proposed consolidated plan, and the executive shall propose the final consolidated plan to the county council for adoption by ordinance. (Ord. 15571 § 46, 2006).

24.18 VERY LOW-, LOW- AND MODERATE-INCOME HOUSEHOLDS AND COMMUNITIES

Sections:

- 24.18.010 Appropriation.
- 24.18.020 Authority.

24.18.010 Appropriation. The county council may annually appropriate federal CDBG, HOME and ESG funds, as well as RAHP funds and other funds that are, or may become, available for the housing and community development needs of very low-, low- and moderate-income households and communities in accordance with the consolidated housing and community development plan. Funds appropriated for those purposes are intended to support housing and community development programs that may include, but are not limited to, the following:

- A. Development, preservation and rehabilitation of rental housing affordable to very low-, low- and moderate-income households;
- B. Preservation, rehabilitation and repair of the housing owned by very low-, low- and moderate-income households;
- C. Development of ownership housing for very low-, low- and moderate-income households;
- D. Access to renter and ownership housing for very low-, low- and moderate-income households and households with special needs;
- E. Homelessness prevention for very low-, low- and moderate-income households;
- F. Homeless housing programs and services for very low-, low- and moderate-income households;
- G. Human services for very low-, low- and moderate-income households;
- H. Development and preservation of community facilities that primarily serve very low-, low- and moderate-income households and communities;
- I. Public infrastructure and other improvements of the living environment in very low-, low- and moderate-income communities; and
- J. Expanding economic opportunities for very low-, low- and moderate-income households. (Ord. 15571 § 49, 2006).

24.18.020 Authority.

A. The executive may administer the CDBG, HOME, ESG and RAHP fund programs, as well as other housing and community development fund sources that might become available to serve very low-, low- and moderate-income households and communities in King County. The executive shall administer the housing and community development fund programs in compliance with all applicable fund program rules, regulations and guidelines, and in accordance with the King County consortia interlocal agreements and the consolidated housing and community development plan.

B. The executive may appoint the county representatives on the joint recommendations committee and shall staff the committee. In administering the housing and community development fund programs, the executive shall consider the joint recommendations committee's recommendations as to choice of projects and programs

to be undertaken with housing and community development funds, administrative program guidelines and other issues relevant to program administration that might arise.

C. The executive may control the housing and community development funds annually appropriated by the county council, including CDBG, HOME, ESG and RAHP funds. The executive may disburse funds in the manner that is most appropriate to the housing and community development program area, but only if the disbursement complies with the applicable fund program laws, rules, regulations, guidelines and the consolidated housing and community development plan. (Ord. 15571 § 50, 2006).

24.22 INTERIM LOAN PROGRAM FOR PROPERTY ACQUISITION FOR LOW-INCOME HOUSING

Sections:

- 24.22.010 Authorization of program agreements
- 24.22.020 Purpose - requirements - total loan limits.
- 24.22.030 Loan requirement.
- 24.22.040 Funding source restrictions - interest rate - maximum term - loan-to-value ratio – lien affordability covenant agreements - process to secure permanent financing required - insurance.
- 24.22.050 Procedures for compliance - establishment by department of community and human services.
- 24.22.060 Decisions at county's discretion - no rights to funding.

24.22.010 Authorization of program agreements. The executive is hereby authorized to develop and administer in the department of community and human services an interim loan program to facilitate acquisition of property for low-income housing. The executive is further authorized to enter into interim loan agreements with low-income housing developers. The interim loan program and its interim loan agreements shall comply with policies and requirements in this chapter. (Ord. 16693 § 2, 2009).

24.22.020 Purpose - requirements - total loan limits.

A. The interim loan program will add to the stock of housing for low-income and special needs residents of King County by facilitating acquisition of low-income housing using homeless housing and services program moneys and mental illness and drug dependency housing services moneys in the housing opportunity fund. These funding sources are collected and awarded to projects annually but are spent down in a manner that creates a fund balance that is carried over from year to year. The interim loan program will allow the county to loan moneys from these low-cost fund balances to experienced housing developers on a short-term, interim basis to acquire property for affordable and homeless housing for households at or below fifty percent of area median income for King County. Interim loans will be awarded only when the project sponsor can provide satisfactory assurances of project feasibility such that permanent funding for the project is highly likely to be secured and the interim loan amount will be repaid within a reasonable period of time, not to exceed five years. No more than six million dollars shall be made available for interim loans at any time. (Ord. 16693 § 3, 2009).

24.22.030 Loan requirement.

A. The department may make interim loans only when the borrower demonstrates that the moneys will be used for eligible purposes, and provides reasonable ensurance that permanent funding will be available on acceptable terms for

repayment of the moneys before the loan maturity date and that appropriate security is provided by the borrower to ensure guarantee repayment.

B. A single borrower may hold a maximum of one outstanding interim loan.

C. Moneys shall be made available only to acquire affordable and homeless housing for households at or below fifty percent of area median income for King County. Priority shall be afforded to projects proposing development of permanent housing that designates at least twenty-five percent of the units for homeless households at or below thirty percent of area median income for King County. The projects shall submit preliminary plans for providing an appropriate level of supportive services for the targeted homeless population to be served.

D. The borrower must meet each the following criteria:

1. The borrower has developed and operated publicly funded capital projects in King County;

2. The borrower provides annual independent organizational financial audits with no findings of material weaknesses or qualification that would indicate concerns about the financial operations of the borrower;

3. The borrower is in good standing with local public funders and is current with annual report submissions;

4. The borrower's publicly funded properties are well maintained, are performing to industry standards and are in compliance with public funder regulatory and loan agreement terms and requirements for replacement or operating reserve accounts, or both;

5. All borrower projects are current with any debt service including public funder loan payments, taxes and insurance;

6. The borrower's development track record demonstrates that projects were completed within acceptable timelines and within budget; and

7. The borrower demonstrates the ability to secure permanent funding and pay off the interim loan within five years.

E. Proposed use of the property to be acquired shall be compatible with the applicable comprehensive plan.

F. The borrower shall provide a current appraisal of the property. (Ord. 16693 § 4, 2009).

24.22.040 Funding source restrictions - interest rate - maximum term - loan-to-value ratio - lien affordability covenant agreements - process to secure permanent financing required - insurance.

A. Interim loans shall be subject to all applicable funding source restrictions and to all of the department of community and human services's capital housing funding conditions and policies.

B. The interest rate on interim loans shall be three percent simple interest, with accrued interest deferred and paid in full at the time repayment is due.

C. The maximum term for full repayment of an interim loan shall be five years.

D. Up to one hundred percent loan-to-value ratio may be allowed upon showing that the county's interest in repayment is sufficiently assured.

E. All interim loans shall be secured with a lien on the property acquired.

F. An affordability covenant agreement shall be placed in first lien position.

G. The borrower shall begin the process to secure permanent financing from public and private funders, as applicable, within one year from the time the interim loan is made.

H. The borrower shall provide title insurance, liability and property insurance for the property. (Ord. 16693 § 5, 2009).

24.22.050 Procedures for compliance - establishment by department of community and human services. The department of community and human services shall establish application procedures to ensure compliance with lending criteria in this chapter. (Ord. 16693 § 6, 2009).

24.22.060 Decisions at county's discretion - no rights to funding. Decisions whether to approve an interim loan application are within the county's sole and complete discretion. This chapter is not intended to create any right or entitlement to interim loan funding for potentially eligible applicants. (Ord. 16693 § 7, 2009).

24.28 CREDIT ENHANCEMENT PROGRAM

Sections:

- 24.28.010 Authority.
- 24.28.020 Credit enhancement purpose and design.
- 24.28.030 Reserve funds.
- 24.28.040 Annual monitoring fee.

24.28.010 Authority. The executive is hereby authorized to implement a credit enhancement program utilizing the county's full faith, credit and resources to make available credit enhancements for workforce housing projects assisting the poor and infirm. The executive is further authorized to enter contingent loan agreements with housing developers provided that the total amount of outstanding project debt benefiting from a credit enhancement from King County through this program shall not exceed two hundred million dollars. The credit enhancement program and contingent loan agreements shall adhere to the parameters defined in K.C.C. 24.28.020. (Ord. 16075 § 1, 2008: Ord. 14269 § 2, 2001: Ord. 13093 § 1, 1998: Ord. 12808 § 2, 1997).

24.28.020 Credit enhancement purpose and design.

A. The credit enhancement program will add to the stock of workforce housing aiding the poor and infirm of King County. The program is intended to create an incentive to develop new types of housing, increased affordability for residents, and realization of multiple growth management goals. Extension of credit enhancements to housing developers to secure favorable financing terms for housing projects shall result in tangible benefits to the direct beneficiaries (poor and infirm residents of the proposed housing) and other public benefits, as appropriate. Credit enhancements may be utilized when: 1. enabling the development of needed housing that would not otherwise have been built were the credit enhancement unavailable; and/or 2. increasing the affordability of individual units that are targeted for lower income households within workforce housing projects; or 3. providing a payment to King County in lieu of additional project affordability for the purpose of developing affordable housing at another location.

B. Eligible applicants may include public housing authorities, non-profit organizations, for-profit organizations, local governments, public agencies, and public development authorities.

C. Eligible beneficiaries must be the poor and infirm of King County. These persons are commonly recognized as households earning eighty percent or less of the county median income and persons or households with special needs.

D. Credit enhancements are to be used to assist the development of mixed-income projects that add to the stock of workforce housing units in King County, including homeownership opportunities for eligible beneficiaries. Owned housing must remain affordable for subsequent buyers who are eligible beneficiaries or upon resale to an ineligible buyer the county shall recapture the subsidy provided by the credit enhancement. Rental projects must guarantee long term affordability to eligible beneficiaries. Eligible activities shall include new construction and acquisition and/or rehabilitation of existing housing when the final product will yield additional workforce housing units.

E. Projects assisted through the credit enhancement program must be located in urban centers or within close proximity to transit hubs or corridors. Projects proposed to be sited elsewhere may be considered when there are unique opportunities to aid eligible beneficiaries. These projects shall nevertheless demonstrate access to employment, transportation and human services, and adequate infrastructure to support housing development.

F. Applications for credit enhancements should be accepted year round to accommodate timely approval of final financial arrangements for projects. Proposed projects must detail the financial benefit of the credit enhancement over the life of the project and how that benefit will be realized by eligible beneficiaries residing in the project.

G. All projects shall undergo rigorous internal county staff (housing and community development, finance and prosecuting attorney) review and underwriting for financial, legal and policy compliance. In addition, projects shall undergo external underwriting by the county's economic development consultant and bond counsel when merited. Where needed, opinions from a bond rating service shall be required. Credit enhancements shall be used to improve the credit worthiness of the housing developer, but shall never be used as a sole source of credit worthiness of an applicant. Developers and developer teams shall be competent, experienced and financially stable. Minimum standards for developers and projects shall be established by the executive.

H. Projects shall conform with applicable county requirements for contracting services.

I. All contingent loan agreements resulting in a credit enhancement for a project shall be structured to minimize the county's financial risk and shall ensure the county's right to review all project records and direct corrective measures deemed necessary to prevent financial instability, material or technical default. All agreements shall be reviewed and approved by appropriate county staff (housing and community development, finance, prosecuting attorney, risk management and shall be reviewed by the county's economic development consultant and bond counsel, as appropriate.

J. Projects receiving credit enhancements shall have the option to make a payment in lieu of providing additional project affordability. The payment shall be allocated to the housing opportunity fund for the sole purpose of funding development of affordable low-income housing.

K. Projects will vary in financial risk to the county. While financial risks are to be minimized, the county may extend credit enhancements where risks exist, provided the county has adequate financial reserves to cover county credit enhancement obligations. (Ord. 14269 § 3, 2001: Ord. 13093 § 2, 1998: Ord. 12808 § 3, 1997).

24.28.030 Reserve funds.

A. The executive shall establish a credit enhancement reserve account within the housing opportunity fund. Interest income generated by the reserve account shall be retained in the reserve account to increase the amount of credit enhancement reserve funds. Funds contained in the credit enhancement reserve account shall be used if, under the terms of a contingent loan agreement, the county is obligated to make a loan to a housing development that has received credit enhancement.

B. The executive is authorized to collect an application fee between 0.2 and 0.4 percent of the amount of project debt that is credit enhanced. The application fee shall be payable at the time that a contingent loan agreement is approved. The proceeds of this fee shall be deposited in the credit enhancement reserve account. In establishing the level of the application fee authorized in this section, the executive shall give primary consideration to the costs incurred by the county for processing an application for credit enhancement.

C. The credit enhancement reserve account shall not exceed an amount equal to one percent of the total outstanding credit enhanced project debt. Reserve account funds in excess of the required credit enhancement reserve shall be transferred to the housing opportunity fund, and used for program administrative costs. (Ord. 16075 § 3, 2008: Ord. 14269 § 4, 2001).

24.28.040 Annual monitoring fee. The executive is authorized to impose an annual monitoring fee between 0.05 and 0.10 percent of the amount of project debt that is credit enhanced. The proceeds of this fee shall be deposited in the housing opportunity

fund and used for program administrative costs. (Ord. 16075 § 5, 2008: Ord. 14269 § 5, 2001).